A publication for Colorado state employees

April 2006

FY07—Moving in the Right Direction

We continue to make progress with employee benefits. With much competition for limited dollars, the Joint Budget Committee of the State Legislature has accepted the recommendation from Jeff Wells, Executive Director of the Department of Personnel and Administration (DPA) to add \$22 million to the funding of employee benefits.

Because of the increased State contributions we have been able to enhance many benefits, such as significantly improving the out-ofpocket maximums for the self-funded PPO plans. For example, the PPO-1500 in-network, individual out-of-pocket maximum has been reduced to \$3,000 from its current FY06 amount of \$7,000. An out-of-pocket maximum is the total amount you (or you and your family) would have to pay for covered services, not including your monthly premiums. Lower out-of-pocket maximums mean a reduction in the total amount of money that you will have to pay should you or any members of your family experience a serious and costly medical condition or emergency.

This funding level is still subject to approval by the full State Legislature, but clearly this is a move in the right direction, and DPA will continue to work with the Legislature to improve funding in the coming years.

Special Note to CU State Classified Staff

State personnel system employees with the University of Colorado **MUST** use CU's online system for open enrollment.

Open Enrollment FY07—Facts

- Open Enrollment is April 24, 2006–May 19, 2006 and is completed ONLY through the online benefit administration system.
- Complete your enrollment early. Do not wait until the last minute.
- Enrollment is for FY07 Plan Year—July 1, 2006–June 30, 2007
- Our Web site: www.colorado.gov/ dpa/dhr/benefits—Click on FY07 Open Enrollment under "Hot Topics" for more information.
- INO-40 PLAN WILL NOT BE OFFERED (see "INO Plans" on page 7 for more details). If you are in the INO-40 and you want coverage in FY07—you MUST choose another plan.
- Open Enrollment this year is PASSIVE, which means that your current choices will roll into the next plan year, UNLESS
 - ✓ You are in the INO-40 and you want coverage in FY07.
 - ✓ You wish to enroll in an FSA for FY07. FSAs must be elected every year.

MEDICAL PLANS						
Plan	Tier	Total Premium*	State Contribution	Employee Contribution		
PPO-1500	Employee	\$281.02	\$244.12	\$36.90		
	Employee + Spouse	\$589.60	\$412.58	\$177.02		
	Employee + Child(ren)	\$533.48	\$381.48	\$152.00		
	Ee + Sp + Child(ren)	\$814.00	\$567.42	\$246.58		
PPO-3300	Employee	\$251.20	\$244.12	\$7.08		
	Employee + Spouse	\$527.10	\$412.58	\$114.52		
	Employee + Child(ren)	\$476.92	\$381.48	\$95.44		
	Ee + Sp + Child(ren)	\$727.70	\$567.42	\$160.28		
PPO-H	Employee	\$264.86	\$244.12	\$20.74		
	Employee + Spouse	\$555.42	\$412.58	\$142.84		
	Employee + Child(ren)	\$502.60	\$381.48	\$121.12		
	Ee + Sp + Child(ren)	\$766.76	\$567.42	\$199.34		
INO-30	Employee	\$479.80	\$244.12	\$235.68		
	Employee + Spouse	\$1,008.02	\$412.58	\$595.44		
	Employee + Child(ren)	\$911.98	\$381.48	\$530.50		
	Ee + Sp + Child(ren)	\$1,392.18	\$567.42	\$824.76		
Kaiser HMO	Employee	\$322.86	\$244.12	\$78.74		
	Employee + Spouse	\$673.98	\$412.58	\$261.40		
	Employee + Child(ren)	\$610.52	\$381.48	\$229.04		
	Ee + Sp + Child(ren)	\$929.88	\$567.42	\$362.46		
San Luis Valley HMO	Employee	\$313.12	\$244.12	\$69.00		
	Employee + Spouse	\$653.78	\$412.58	\$241.20		
	Employee + Child(ren)	\$591.82	\$381.48	\$210.34		
	Ee + Sp + Child(ren)	\$901.50	\$567.42	\$334.08		

^{*} Includes administrative fee of \$1.68

The rate information shown reflects the State funding level as recommended by the Executive Director of DPA. This funding level is subject to approval by the State Legislature. Should these employer contribution amounts not be approved, resulting in different levels of monthly employee contributions, the State contribution will be adjusted accordingly amongst the four coverage levels. If adjusted contributions become necessary, a revised chart will be made available on our Web site www.colorado.gov/dpa/dhr/benefits and sent to your department's benefits, payroll, and HR staff. Watch for communication from us or from your department for any updates. We ask that you complete your enrollment early and, if necessary, make any adjustments later in Open Enrollment.

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Questions?

- Technical questions about the online system? 1.800.436.1982 (beginning April 24)
- Questions about the benefits themselves?
 Contact Great-West, Kaiser, San Luis Valley,
 Delta Dental or Standard Insurance directly.
 See our Web site for phone numbers.
- Questions about eligibility or Internet access? Contact your department's HR office. See our Web site for phone numbers.

DENTAL PLANS						
Plan	Tier	Total Premium*	State Contribution	Employee Contribution		
Delta BASIC	Employee	\$22.88	\$18.88	\$4.00		
	Employee + Spouse	\$48.16	\$27.96	\$20.20		
	Employee + Child(ren)	\$50.44	\$31.72	\$18.72		
	Ee + Sp + Child(ren)	\$84.94	\$41.40	\$43.54		
Delta Basic PLUS	Employee	\$31.14	\$18.88	\$12.26		
	Employee + Spouse	\$68.58	\$27.96	\$40.62		
	Employee + Child(ren)	\$68.58	\$31.72	\$36.86		
	Ee + Sp + Child(ren)	\$121.60	\$41.40	\$80.20		
Dental DR	Employee	\$27.72	\$18.88	\$8.84		
	Employee + Spouse	\$58.32	\$27.96	\$30.36		
	Employee + Child(ren)	\$58.32	\$31.72	\$26.60		
	Ee + Sp + Child(ren)	\$105.60	\$41.40	\$64.20		

^{*} Includes administrative fee of \$0.14

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Key Changes for FY07

The following is only a list of key changes and is by no means a complete description of the plans. Visit www.colorado.gov/dpa/dhr/benefits under "FY07 Open Enrollment" for more information about each plan.

Self-Funded Plans Administered by Great-West

- INO-40 Plan is eliminated for FY07. Members who want coverage in FY07 MUST choose another plan. There will be no default plan for those who do not make another choice. —See "INO Plans" on page 7 for more information.
- PPO-3500 changes to PPO-3300, which means the individual, in-network deductible has come down to \$3,300.
- Out-of-pocket maximums on PPO plans have been reduced. This lowers the maximum you will have to pay for the year.
- The deductibles for the HSA-qualified plan, PPO-H, have been raised to \$1,400 employee only, \$2,800 employee plus any number of dependents. This was in response to the many people who wished to put more money away in HSAs (health savings accounts). Higher deductible = higher HSA contributions. —See "PPO-H Information" on page 5 for more information.

Kaiser HMO

No changes in the services covered, co-payments, or overall plan design.

San Luis Valley HMO

No changes in the services covered, co-payments, or overall plan design.

Delta Dental Basic

 The annual maximum benefit has been increased from \$850 to \$1,000.

Delta Dental Basic Plus

 The annual maximum benefit has been increased from \$1,200 to \$1,500.

Delta Dental—Direct Reimbursement (DR)

 The annual maximum benefit has been increased from \$850 to \$1,000.

Coverage for Your Dependents

- For FY07, dependents age 19 or older, but not yet 25, are eligible for medical and dental coverage regardless of their student status.
- To be eligible, such dependents must live with the employee who is the parent or must receive 50% or more of their financial support from the parent.
- In the online system you must list the dependent, choose the appropriate tier (employee plus child or employee plus family) and mark "yes" next to their name on the medical and/or dental screens.

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Life Insurance

- The coverage amount for basic life insurance, which is paid for entirely by the State, is now calculated at 1x your base salary up to \$40,000, but cannot be lower than the \$33,000. Remember, this is the death benefit, so the salary at time of death will be used to calculate the amount.
- This new basic life insurance amount does not go into effect until you have PHYSICALLY WORKED one day in the new plan year (FY07-July 1, 2006-June 30, 2007).

Optional life insurance premiums for employees and spouses have been reduced. See our Web site for the rates. Child dependent life premiums remain the same.

Long-Term Disability Insurance

 Reduced monthly premiums can be found on our Web site.

PPO-H Information

The **PPO-H** plan is designed primarily for those who will enroll in a Health Savings Account (**HSA**). It was not created to be a stand-alone product. And because it is an HSA-qualified plan, it is also designed to meet Federal restrictions imposed on such plans. The following are the key points to consider with the PPO-H. Make yourself familiar with the particulars and decide if it is the best choice for you and your family.

Prescriptions Different from Other GW Plans

- A key difference in the PPO-H plan from the other self-funded plans administered by Great-West is how prescription drugs are handled.
 Unlike the other plans, THE ENTIRE DEDUCTIBLE AMOUNT MUST BE MET BEFORE ANY PORTION OF PRESCRIPTIONS ARE COVERED BY THE PLAN.
- Once the deductible has been met, the plan pays 85% of the cost of prescriptions via reimbursement, which means the employee pays for the prescription in full and is then reimbursed 85% of the cost (out-of-network, the plan pays 65% after the out-of-network deductible has been met).
- Reimbursement is easy and fast—Once your claim has been received, it is processed overnight and you receive a check within five days.

 Due to federal regulations governing HSAs (health savings accounts), to be considered an HSA-qualified plan, the PPO-H must be designed this way. Thus, we cannot separate the prescription coverage from the deductible the way we do in the other self-funded plans.

Prescriptions for Diabetes—PPO-H May Not Be Your Best Choice

Please note that a new initiative targeting diabetes and diabetes medications is slated for this coming plan year (FY07). While the details have not been finalized, we know that the potential positive impact this initiative will have on prescriptions for diabetes WILL NOT BE AVAILABLE TO MEMBERS OF THE PPO-H PLAN. Why? It is due to federal constraints on how an HSA-qualified plan can be designed, and because

(see PPO-H on page 6)

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(PPO-H from page 5)

prescription coverage cannot be separated from the deductible, separate prescription benefits, as might occur with this initiative, cannot take place in this plan.

Individual vs. Family Deductible— Another Difference

- Another key difference of the PPO-H plan from the other PPO plans is how deductibles are applied.
- For employees who choose PPO-H plan at a level of employee plus any dependent (spouse and/or any number of children), the entire family deductible must be met before the plan begins to pay for any covered services (outside of what the plan determines to be preventative care).
- Why? Again, it is the way that federal regulations dictate that HSA-qualified plans must work.

Health Savings Account (HSA)

The HSA is a tool for saving for future medical expenses. You cannot enroll in an HSA without being enrolled in an HSA-qualified plan (sometimes called a high deductible health plan). For the State, that is the PPO-H plan. Like retirement plans, HSAs can be especially useful to those who are prepared to set aside tax free money early in their working lives.

Those who want an HSA should know that they are not required to enroll in the State's HSA, but can use any HSA program they would like. For some, the convenience of a payroll deduction for the State's program is an advantage; others may find it easier to use another HSA program where they can contribute directly to the bank. To review more information about the plan and about HSAs, visit our Web site www.colorado.gov/dpa/dhr/benefits and click on "FY07 Open Enrollment."



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The INO Plans

Why was the INO-40 Plan eliminated?

Last year, when we started the self-funding plans (meaning the State is essentially the insurance company for 16,000 enrolled employees and their dependents) and having them administered by Great-West Healthcare, we wanted to offer employees more choices than we had in recent years. Still, we knew that, as long as we were offering INO (in-network only) plans that were similar in design to our HMO plans, we eventually wanted to offer only one INO. Yet, we were not certain what people wanted in such a plan. So, we offered two choices that were different in cost and design. In the last open enrollment and over the past year, participants have overwhelming chosen the INO-30 plan. Therefore, for FY07, we are eliminating the INO-40 plan.

If you are currently enrolled in the INO-40 plan, note the following.

- THOSE ENROLLED AND WHO WANT COV-ERAGE IN FY07 ABSOLUTELY MUST ENROLL IN ANOTHER PLAN DURING OPEN ENROLL-MENT.
- THERE WILL BE NO DEFAULT PLAN FOR THOSE CURRENTLY IN THE INO-40 PLAN, SO IF A NEW PLAN IS NOT CHOSEN, THE EMPLOYEE WILL NOT HAVE COVERAGE IN THE STATE PLANS FOR FY07.

Why are the premiums for INO-30 going up?

Basically, this plan took in less money in premiums than it paid out in claims. Such imbalances are unhealthy, whether we're talking about our personal checking accounts or a health insurance plan. The continued health of the plan requires increased premiums. While some subsidization from other plans administered by Great-West can help to offset the increased premiums for INO-30, there is a limit to what can be asked of those enrolled in other plans. The increased employee cost for INO-30 reflects an equitable distribution of the overall increases in costs for this plan.

Is the INO-30 plan right for me?

Choosing the right plan is a personal decision. Certainly there are a number of factors to consider. Three of the most important are listed below. Please consider all when electing your coverage.

- Increased cost—While the design of the plan might fit your needs, the costs this year must carefully be weighed along with what you are looking for in a plan.
- IN-NETWORK-ONLY—That's what "INO" stands for. And it means exactly that. If remaining with your doctor is important to you, understand that there are no guarantees that doctors or providers will remain in the Great-West PPO network. Remember, the PPO plans offer coverage for out-of-network providers, although at an increased cost to you.
- Switching to another plan administered by Great-West will likely mean that you WILL NOT HAVE TO CHANGE DOCTORS, as all of these plans use the same network. Nor should there be issues regarding transition of care to another plan, as all of the self-funded plans are considered one plan.

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Internet Access h

Open enrollment can only be conducted via the online benefits administration system. If you do not have computer or Internet access, please contact **your department's human resources**, **benefits or payroll personnel**. Departments will be offering different solutions to employees. Some will offer special computer locations, some will have special hours where employees can contact or work with HR personnel, and others will train additional personnel to help employees with their enrollment.

Additionally, your department's HR, benefits and payroll personnel have been given information about computer access at public libraries throughout the State. Again this year, the community and junior colleges in the State have offered State employees the use of computers in their libraries. Your department's HR, benefits and payroll personnel have been given the details about this access.

However, no matter how you accomplish your FY07 Open Enrollment, it must be entered into the online benefit administration system by the close of Open Enrollment—May 19, 2006.

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